

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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CYBER CHAMPION INTERNATIONAL, LTD.,	:	
	:	
Plaintiff,	:	Case No.: 07 CIV 9503
	:	
- against -	:	
	:	<b>REPLY TO</b>
	:	<b><u>COUNTERCLAIMS</u></b>
CARLOS FALCHI, MARCOS FALCHI and XYZ	:	
COMPANIES,	:	
	:	
Defendants.	:	
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Cyber Champion International, Ltd. ("Cyber"), by its attorneys Lazarus and Lazarus, P.C., as and for its Reply to the Counterclaims of Defendant Carlos Falchi ("Carlos"), which such Reply and each paragraph hereof incorporates by reference herein, the allegations of Cyber's Complaint, respectfully, sets forth, represents and alleges:

1. Pleads to each and every allegation set forth in the paragraph 67 of the "Facts Common to all Counterclaims" (the "Facts") by referring to the payments in question for the time, date and manner thereof, except expressly denies that Carlos made payments as provided for in the License Agreement.

2. Denies each and every allegation set forth in paragraph 68 of the "Facts."

3. Denies each and every allegation set forth in paragraph 69 of the "Facts, except avers that said allegations are vague, conclusory and ambiguous, and with respect thereto Cyber reserves the right to replead.

4. Denies each and every allegation set forth in paragraph 70 of the "Facts" except avers that Carlos through counsel submitted documentation purporting to be a "reconciliation" which such documentation admitted Carlos' breach of the License Agreement.

5. Denies each and every allegation set forth in paragraph 71 of the “Facts”
6. Denies each and every allegation set forth in paragraph 72 of the “Facts.”
7. Denies each and every allegation set forth in paragraph 73 of the “Facts.”
8. Denies each and every allegation set forth in paragraph 74 of the “First Counterclaim.”
9. Denies each and every allegation set forth in paragraph 75 of the “First Counterclaim.”
10. Denies each and every allegation set forth in paragraph 76 of the “Second Counterclaim.”
11. Denies each and every allegation set forth in paragraph 77 of the “Second Counterclaim.”
12. Denies each and every allegation set forth in paragraph 78 of the “Third Counterclaim.”
13. Denies each and every allegation set forth in paragraph 79 of the “Third Counterclaim.”
14. Denies each and every allegation set forth in paragraph 80 of the “Third Counterclaim.”
15. Denies each and every allegation set forth in paragraph 81 of the “Third Counterclaim.”
16. Denies each and every allegation set forth in paragraph 82 of the “Third Counterclaim.”
17. Denies each and every allegation set forth in paragraph 83 of the “Third Counterclaim.”

**As and For A First Affirmative Defense**

18. Carlos' counterclaims fail to state causes of action upon which relief can be granted.

**As and For a Second Affirmative Defense**

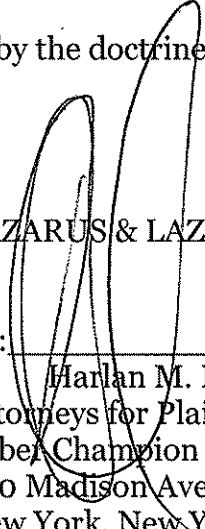
19. Carlos' counterclaims are barred by his breaches of the License Agreement.

**As and For a Third Affirmative Defense**

20. Carlos' counterclaims are barred by the doctrine of unclean hands.

Dated: New York, New York  
January 18, 2008

LAZARUS & LAZARUS, P.C.

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